State of Misconsin



2017 Assembly Bill 812

Date of enactment: **April 16, 2018** Date of publication*: **April 17, 2018**

2017 WISCONSIN ACT 338

AN ACT *to repeal* 440.975 (3) (c); *to repeal and recreate* 709.03 and 709.033; and *to create* 440.97 (2m) and 440.975 (3) (cm) of the statutes; **relating to:** real estate disclosure reports, the written reports of home inspectors, and providing an exemption from emergency rule procedures.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 440.97 (2m) of the statutes is created to read:

440.97 (2m) "Defect" means a condition of any component of an improvement that would significantly impair the health or safety of future occupants of a property or that, if not repaired, removed, or replaced, would significantly shorten or adversely affect the expected normal life of the component of the improvement.

SECTION 2. 440.975 (3) (c) of the statutes is repealed. SECTION 3. 440.975 (3) (cm) of the statutes is created to read:

440.975 (3) (cm) Describes any defect that is detected by the home inspector during his or her home inspection. A home inspector is not required to use the term "defect" in describing a defect in the written report required under this subsection. A home inspector may not use the term "defect" in a written report required under this subsection unless that use is consistent with s. 440.97 (2m).

SECTION 4. 709.03 of the statutes is repealed and recreated to read:

709.03 Residential real estate condition report

form. The report required under s. 709.02 with respect to real property, as defined in s. 709.001 (5) (a), shall be in substantially the following form and shall include at least all of the following information:

REAL ESTATE CONDITION REPORT

DISCLAIMER

THIS CONDITION REPORT CONCERNS THE REAL PROPERTY LOCATED AT IN THE (CITY) (VILLAGE) (TOWN) OF, COUNTY OF, STATE OF WISCONSIN. THIS REPORT IS A DISCLOSURE OF THE CONDITION OF THAT PROPERTY IN COMPLIANCE WITH SECTION 709.02 OF THE WISCONSIN STATUTES AS OF (MONTH), (DAY), (YEAR). IT IS NOT A WARRANTY OF ANY KIND BY THE OWNER OR ANY AGENTS REPRESENTING ANY PARTY IN THIS TRANSACTION AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THAT THE PARTIES MAY WISH TO OBTAIN.

A buyer who does not receive a fully completed copy of this report within 10 days after the acceptance of the contract of sale or option contract for the above–described real property has the right to rescind that contract (Wis. Stat. s. 709.02), provided the owner is required to provide this report under Wisconsin Statutes chapter 709.

^{*} Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

NOTICE TO PARTIES REGARDING ADVICE OR INSPECTIONS

Real estate licensees may not provide advice or opinions concerning whether or not an item is a defect for the purposes of this report or concerning the legal rights or obligations of parties to a transaction. The parties may wish to obtain professional advice or inspections of the property and to include appropriate provisions in a contract between them with respect to any advice, inspections, defects, or warranties.

A. OWNER'S INFORMATION

- A1. In this form, "aware" means the "owner(s)" have notice or knowledge.
- A2. In this form, "defect" means a condition that would have a significant adverse effect on the value of the property; that would significantly impair the health or safety of future occupants of the property; or that if not repaired, removed, or replaced would significantly shorten or adversely affect the expected normal life of the premises.
- A3. In this form, "owner" means the person or persons, entity, or organization that owns the above–described real property.

An "owner" who transfers real estate containing one to four dwelling units, including a condominium unit and time–share property, by sale, exchange, or land contract is required to complete this report.

Exceptions: An "owner" who is a personal representative, trustee, conservator, or fiduciary appointed by or subject to supervision by a court, and who has never occupied the property transferred is not required to complete this report. An "owner" who transfers property that has not been inhabited or who transfers property in a manner that is exempt from the real estate transfer fee is not required to complete this report. (Wis. Stat. s. 709.01)

- A4. The owner represents that to the best of the owner's knowledge, the responses to the following questions have been accurately checked as "yes," "no," or "not applicable (N/A)" to the property being sold. If the owner responds to any question with "yes," the owner shall provide, in the additional information area of this form, an explanation of the reason why the response to the question is "yes."
- A5. If the transfer is of a condominium unit, the property to which this form applies is the condominium unit, the common elements of the condominium, and any limited common elements that may be used only by the owner of the condominium unit being transferred.
- A6. The owner discloses the following information with the knowledge that, even though this is not a warranty, prospective buyers may rely on this information in deciding whether and on what terms to purchase the property. The owner hereby authorizes the owner's agents and the agents of any prospective buyer to provide a copy of this report, and to disclose any information in the report, to any person in connection with any actual or anticipated sale of the property.

CAUTION: The lists of defects following each question below are examples only and are not the only defects that may properly be disclosed in response to each respective question.

B. STRUCTURAL AND MECHANICAL

		YES	NO	N/A
B1.	Are you aware of defects in the roof?			
	Roof defects may include items such as leakage or significant problems with gutters or eaves.			
B2.	Are you aware of defects in the electrical system?			
	Electrical defects may include items such as electrical wiring not in compliance with applicable code, knob and tube wiring, 60 amp service, or aluminum—branch circuit wiring.			
В3.	Are you aware of defects in part of the plumbing system (including the water heater, water softener, and swimming pool)?	••••	••••	
	Other plumbing system defects may include items such as leaks or defects in pipes, toilets, interior or exterior faucets, bathtubs, showers, or any sprinkler system.			
B4.	Are you aware of defects in the heating and air conditioning system (including the air filters and humidifiers)?	••••	••••	••••
	Heating and air conditioning defects may include items such as defects in the heating ventilation and air conditioning (HVAC) equipment, supplemental heaters, ventilating fans or fixtures, or solar collectors.			

– 4 –

2017 Wisconsin Act 338

tions in the current ordinance.

		YES	NO	N/A
F6.	Are you aware of conservation easements on the property?			
	A conservation easement is a legal agreement in which a property owner conveys some of the rights associated with ownership of his or her property to an easement holder such as a governmental unit or a qualified nonprofit organization to protect the natural habitat of fish, wildlife, or plants or a similar ecosystem, preserve areas for outdoor recreation or education, or for similar purposes.			
F7.	Are you aware of restrictive covenants or deed restrictions on the property?			
F8.	Are you aware of nonowners having rights to use part of the property, including, but not limited to, rights-of-way and easements other than recorded utility easements?			
F9.	Are you aware of the property being subject to a mitigation plan required under administrative rules of the Wisconsin Department of Natural Resources related to county shoreland zoning ordinances, which obligates the owner of the property to establish or maintain certain measures related to shoreland conditions and which is enforceable by the county?			
F10.	The use value assessment system values agricultural land based on the income that would be generated from its rental for agricultural use rather than its fair market value. When a person converts agricultural land to a non agricultural use (e.g., residential or commercial development), that person may owe a conversion charge. For more information visit https://www.revenue.wi.gov/Pages/FAQS/slf-useassmt.aspx or (608) 266–2486.			
	a. Are you aware of all or part of the property having been assessed as agricultural land under Wis. Stat. s. 70.32 (2r) (use value assessment)?			
	b. Are you aware of the property having been assessed a use-value assessment conversion charge relating to this property? (Wis. Stat. s. 74.485 (2))			
	c. Are you aware of the payment of a use-value assessment conversion charge having been deferred relating to this property? (Wis. Stat. s. 74.485 (4))			
F11.	Is all or part of the property subject to or in violation of a farmland preservation agreement?			
	Early termination of a farmland preservation agreement or removal of land from such an agreement can trigger payment of a conversion fee equal to 3 times the class 1 "use value" of the land. Visit https://datcp.wi.gov/Pages/Programs_Services/FarmlandPreser vation.aspx for more information.			
F12.	Is all or part of the property subject to, enrolled in, or in violation of the Forest Crop Law, Managed Forest Law, the Conservation Reserve Program, or a comparable program?			
F13.	Are you aware of a dam that is totally or partially located on the property or that an ownership in a dam that is not located on the property will be transferred with the property because it is owned collectively by members of a homeowners' association, lake district, or similar group? (If "yes," contact the Wisconsin Department of Natural Resources to find out if dam transfer requirements or agency orders apply.)			

OWNER'S CERTIFICATION

NOTE: Wisconsin Statute section 709.035 requires owners who, prior to acceptance of a purchase contract or an option to purchase, obtain information that would change a response on this report to submit a complete amended report or an amendment to the previously completed report to the prospective buyer within 10 days of acceptance.

The owner certifies that the information in this report is true and correct to the best of the owner's knowledge as of the date on which the owner signs this report.

Owner	Date
Owner	Date
Owner	Date

CERTIFICATION BY PERSON SUPPLYING INFORMATION

A person other than the owner certifies that the person supplied information on which the owner relied for this report and that the information is true and correct to the best of the person's knowledge as of the date on which the person signs this report.

Person	Items	Date
Person	Items	Date
Person	Items	Date

BUYER'S ACKNOWLEDGEMENT

The prospective buyer acknowledges that technical knowledge such as that acquired by professional inspectors may be required to detect certain defects such as the presence of asbestos, building code violations, and floodplain status.

i acknowledge receipt of a copy of this stateme	ent.
Prospective buyer	Date
Prospective buyer	Date
Prospective buyer	Date

SECTION 5. 709.033 of the statutes is repealed and recreated to read:

709.033 Vacant land disclosure report form. The report required under s. 709.02 with respect to real property, as defined in s. 709.001 (5) (b), shall be in substantially the following form and shall include at least all of the following information:

VACANT LAND DISCLOSURE REPORT

DISCLAIMER

THIS DISCLOSURE REPORT CONCERNS THE REAL PROPERTY LOCATED AT IN THE (CITY) (VILLAGE) (TOWN) OF, COUNTY OF, STATE OF WISCONSIN. THIS REPORT IS A DISCLOSURE OF THE CONDITION OF THAT PROPERTY IN COMPLIANCE WITH SECTION 709.02 OF THE WISCONSIN STATUTES AS OF (MONTH), (DAY), (YEAR). IT IS NOT A WARRANTY OF ANY KIND BY THE OWNER OR ANY AGENTS REPRESENTING ANY PARTY IN THIS TRANSACTION AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THAT THE PARTIES MAY WISH TO OBTAIN.

A buyer who does not receive a fully completed copy of this report within 10 days after the acceptance of the contract of sale or option contract for the above–described real property has the right to rescind that contract (Wis. Stat. s. 709.02), provided the owner is required to provide this report under Wisconsin Statutes chapter 709.

NOTICE TO PARTIES REGARDING ADVICE OR INSPECTIONS

Real estate licensees may not provide advice or opinions concerning whether or not an item is a defect for the purposes of this report or concerning the legal rights or obligations of parties to a transaction. The parties may wish to obtain professional advice or inspections of the property and to include appropriate provisions in a contract between them with respect to any advice, inspections, defects, or warranties.

A. OWNER'S INFORMATION

- A1. In this form, "aware" means the "owner(s)" have notice or knowledge.
- A2. In this form, "defect" means a condition that would have a significant adverse effect on the value of the property; that would significantly impair the health or safety of future occupants of the property; or that if not repaired, removed, or replaced would significantly shorten or adversely affect the expected normal life of the premises.
- A3. In this form, "owner" means the person or persons, entity, or organization that is the owner of the above–described real property.

An "owner" who transfers real estate that does not include any buildings is required to complete this report.

Exceptions: An "owner" who is a personal representative, trustee, conservator, or fiduciary appointed by or subject to supervision by a court, and who has never occupied the property transferred is not required to complete this report.

An "owner" who transfers property that has not been inhabited or who transfers property in a manner that is exempt from the real estate transfer fee is not required to complete this report. (Wis. Stat. s. 709.01)

- A4. The owner represents that to the best of the owner's knowledge, the responses to the following questions have been accurately checked as "yes," "no," or "not applicable (N/A)" to the property being sold. If the owner responds to any question with "yes," the owner shall provide, in the additional information area of this form, an explanation of the reason why the response to the question is "yes."
- A5. If the transfer is of a condominium unit, the property to which this form applies is the condominium unit, the common elements of the condominium, and any limited common elements that may be used only by the owner of the condominium unit being transferred.
- A6. The owner discloses the following information with the knowledge that, even though this is not a warranty, prospective buyers may rely on this information in deciding whether and on what terms to purchase the property. The owner hereby authorizes the owner's agents and the agents of any prospective buyer to provide a copy of this report, and to disclose any information in the report, to any person in connection with any actual or anticipated sale of the property.

CAUTION: The lists of defects following each question below are examples only and are not the only defects that may properly be disclosed in response to each respective question.

B. ENVIRONMENTAL

		YES	NO	N/A
B1.	Are you aware of a material violation of an environmental rule or other rule or agreement regulating the use of the property?			
B2.	Are you aware of a defect caused by unsafe concentrations of, or unsafe conditions relating to, radon, radium in water supplies, high voltage electric (100 KV or greater) or steel natural gas transmission lines located on but not directly serving the property, lead in soil, or other potentially hazardous or toxic substances on the property?			
В3.	Are you aware of the manufacture of methamphetamine or other hazardous or toxic substances on the property?			
B4.	Are you aware of subsoil conditions that would significantly increase the cost of development, including, but not limited to, subsurface foundations or waste material; any type of fill; dumpsites where pesticides, herbicides, fertilizer, or other toxic or hazardous materials or containers for these materials were disposed of in violation of manufacturer or government guidelines or other laws regulating such disposal; high groundwater; adverse soil conditions, such as low load—bearing capacity, earth or soil movement, settling, upheavals, or slides; excessive rocks or rock formations; or other soil problems?			
B5.	Are you aware of a defect caused by unsafe concentrations of, unsafe conditions relating to, or the storage of hazardous or toxic substances on neighboring properties?			
B6.	Are you aware of brownfields (abandoned, idled, or underused land that may be subject to environmental contamination) or other contaminated land on the property, or that contaminated soils on the property have been cleaned up under the Petroleum Environmental Cleanup Fund Act (PECFA), a Wisconsin Department of Natural Resources (DNR) remedial or cleanup program, the DATCP Agricultural Chemical Cleanup Program, or other similar program?			
B7.	Explanation of "yes" responses			

C. WELLS, SEPTIC SYSTEMS, STORAGE TANKS

		YES	NO	N/A
C1.	Are you aware of underground storage tanks presently or previously on the property for storage of flammable or combustible liquids, including, but not limited to, gasoline or heating oil? (If "yes," the owner, by law, may have to register the tanks with the Wisconsin Department of Agriculture, Trade and Consumer Protection at P.O. Box 8911, Madison, Wisconsin, 53708, whether the tanks are in use or not. Wisconsin Department of Agriculture, Trade and Consumer Protection regulations may require the closure or removal of unused tanks.)			
C2.	Are you aware of defects in the underground or aboveground fuel storage tanks on or previously located on the property? Defects in underground or aboveground fuel storage tanks may include items such as abandoned tanks not closed in conformance with applicable local, state, and federal law; leaking; corrosion; or failure to meet operating standards.			
C3.	Are you aware of defects in a well on the property or a well that serves the property, including unsafe well water due to contaminants such as coliform, nitrates, or atrazine, or any out–of–service wells or cisterns that are required to be abandoned (see s. NR 812.26, Wis. Adm. Code) but that are not closed or abandoned according to applicable regulations?			
C4.	Are you aware of a joint well serving this property?			
C5.	Are you aware of a defect relating to a joint well serving this property?		••••	
C6.	Are you aware of defects in any septic system or other private sanitary disposal system on the property or any out—of—service septic system that serves the property and that is not closed or abandoned according to applicable regulations?			
C7.	D. TAXES, SPECIAL ASSESSMENTS, PERMITS	S, ETC.		
		YES	NO	N/A
D1.	Have you received notice of a property tax increase, other than normal annual increases, or are you aware of a pending property tax reassessment?			
D2.	Are you aware of pending special assessments?			
D3.	Are you aware of the property being located within a special pur- pose district, such as a drainage district, that has the authority to impose assessments against the real property located within the district?			
D4.	Are you aware of any land division involving the property for which required state or local permits were not obtained?		••••	
D5.	Are you aware of impact fees or another condition or occurrence that would significantly increase development costs or reduce the value of the property to a reasonable person with knowledge of the nature and scope of the condition or occurrence?			

Are you aware of archeological artifacts, mineral rights, orchards,

or endangered species on the property?

E18.

-13-

2017 Wisconsin Act 338

2017 Assembly Bill 812

2017 Wisconsin	Act 338	- 1	4 –	2017	Assembly	Bill 812
				YES	NO	N/A
F8.	Other defects mainfestation; dra	f other defects affecting by include items such as image easement or gradi other defect or material	animal, reptile, or insect ng problems; excessive			
F9.		of a government agency, egulations requiring repairing condition?		••••		••••
F10.	The owner has o	wned the property for	. years.			
F11.		yes" responses				
			RTIFICATION			
NOTE: Wiscons	in Statute sectio		ners who, prior to accep	tance of a	nurchase cor	ntract or an
			response on this report to			
			prospective buyer within			
			s true and correct to the b			
the date on which the				• • • • • • • • • • • • • • • • • • • •	Willer S Illie W	10080 00 01
Owner	•	•				
Owner		_				
Owner						
	CERTIEI	TATION BY PERSON	N SUPPLYING INFORM	IATION		
Δ nerson other th			upplied information on w		mer relied for	this report
			person's knowledge as of			
this report.	ion is true and ex	offect to the best of the	person's knowledge as of	the date of	n winen the p	CISOII SIGIIS
Person		Items	Date			
Person		Items				
Person		Items				
		DITAL DIG A CHAN	OUT EDGEMENT			
mi			OWLEDGEMENT		c · 1 ·	
			wledge such as that acqui			
=		_	f asbestos, building code	violations	, and floodpl	aın status.
		of this statement.				
1		Date .				
Prospective buye						
Prospective buye	er	Date .				
SECTION 6. Nons	statutory provis	sions.	440.975 (3) (cm) of the			
` /		VACANT LAND DIS-	effective date of perm			
CLOSURE REPORTS. N			tion 440.974 (1) (c) o			
the statutes, a propert	y owner who fur	mished to a prospec-	period authorized un	der section	n 227.24 (1)	(c) of the

- (1) REAL ESTATE CONDITION AND VACANT LAND DISCLOSURE REPORTS. Notwithstanding section 709.035 of the statutes, a property owner who furnished to a prospective buyer of the property an original or amended report before the effective date of this subsection need only submit an amended report with respect to the information required under section 709.03 (form) of the statutes, 2015 stats., or by section 709.033 (form) of the statutes, 2015 stats.
- (2) EMERGENCY RULES. Using the procedure under section 227.24 of the statutes, the department of safety and professional services may promulgate rules governing the information about defects that a home inspector is required to provide to a client concerning the results of a home inspection under sections 440.974 (1) (c) and

440.975 (3) (cm) of the statutes for the period before the effective date of permanent rules promulgated under section 440.974 (1) (c) of the statutes but not to exceed the period authorized under section 227.24 (1) (c) of the statutes, subject to extension under section 227.24 (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection. Notwithstanding section 227.24 (1) (e) 1d. and 1g. of the statutes, for emergency rules promulgated under this subsection, the department is not required to prepare and obtain approval of a statement of scope of the rules or to submit the pro-

posed rules in final draft form to the governor for approval.

SECTION 7. Initial applicability.

(1) Real estate condition and vacant land disclosure reports. The treatment of sections 709.03 and

709.033 of the statutes first applies to reports that are furnished on the effective date of this subsection.

SECTION 8. Effective date.

(1) This act takes effect on July 1, 2018.